



**Kendall Green Energy, LLC**  
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April 30, 2014

Mr. George Harding  
EPA New England, MC OES04-4 5  
Post Office Square, Suite 100  
Boston, Massachusetts 02109-3912

Mr. David Ferris, Director  
Massachusetts Waste Water Program  
Massachusetts Department of Environmental Protection  
One Winter Street  
Boston, Massachusetts 02108

**Delivery: By Email with Overnight Mail to Follow**

**RE: Kendall Green Energy, LLC (fka/NRG Kendall LLC)  
USEPA Region 1 DOCKET NO. 11-005  
MassDEP File No. UAO-BO-11-1N001  
NPDES Permit No. MA0004898  
Quarterly Progress Report (Q1 2014)**

Dear Mr. Harding and Mr. Ferris:

Kendall Green Energy, LLC ("Kendall" or the "Company") is submitting this quarterly progress report in accordance with Paragraph 4 of Section V of the Administrative Order for Compliance issued by the United States Environmental Protection Agency ("USEPA") Region 1 on January 31, 2011 (the "USEPA Order") and Paragraph 4 of Section V of the Unilateral Administrative Order issued by the Massachusetts Department of Environmental Protection ("MassDEP") on the same day (the "MassDEP Order"). The USEPA Order and the MassDEP Order, both as amended,<sup>1</sup> are collectively referred to herein as the "Orders" and relate to the implementation of actions at the Kendall Cogeneration Station ("Kendall") in order to achieve compliance with the National Pollutant Discharge Elimination System ("NPDES") Permit issued on December 17, 2010. This quarterly progress report covers the time period from January 1, 2014 through March 31, 2014 (the "Reporting Period").

A. Activities undertaken during the Reporting Period to achieve compliance with the Orders.

Section V. Paragraph 4.a of the USEPA Order and of the MassDEP Order state that quarterly compliance reports submitted by the Company shall "[d]escribe the activities undertaken during the reporting period directed at achieving compliance with th[e Orders]." Section B below, which also responds to Section V. Paragraph 4.c. of the USEPA Order and of the MassDEP Order,

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<sup>1</sup> An amendment to the USEPA Order was approved on September 6, 2012. An Amendment to [MassDEP's] Unilateral Administrative Order was approved on November 2, 2012



provides a detailed description of the actions taken by Kendall during the Reporting Period to achieve compliance with the Orders.

B. Report on compliance with Paragraphs 1, 2 and 3 of Section IV. of the USEPA Order and Paragraphs 1, 2, and 3 of Section V. of the MassDEP Order.

1. Section IV. Paragraph 1 of the USEPA Order and Section V. Paragraph 1 of the MassDEP Order

Below is a summary of the status of Kendall's compliance with the obligations set forth in each of the subsections of Paragraph 1:

a. *At all times, cooperate with Trigen in Trigen's design, permitting and construction of the Steam Line.*

Prior to, and continuing through the Reporting Period, Kendall maintained regular contact with Veolia Energy Boston, Inc. ("Veolia" or "Trigen")<sup>2</sup> regarding Veolia's design, permitting and construction efforts for the steam pipeline ("Steam Line"). During the Reporting Period, Kendall personnel have had periodic meetings with Veolia personnel by phone and in person to discuss the status of Veolia's permitting and construction efforts. Kendall also participated in several telephone conferences with Veolia, USEPA and MassDEP during which Veolia provided updates on the progress of its permitting and construction efforts. Veolia is a majority owner of Kendall Green Energy, LLC who purchased the Kendall Station from NRG as of February 1, 2014. Veolia is also the sole operator of the Kendall Station. See Section 3.c. below for additional information.

Based on the actions it has taken during the Reporting Period, Kendall is in full compliance with this requirement.

b. *Within 10 days after the Order Date, commence the process to obtain all Governmental Approvals to procure, install at the Station and operate the ACC and the BPST in order to meet the 2010 NPDES Permit limits. This shall include such detailed engineering of the ACC and BPST as necessary to support the permit applications and to provide supplementary data requested by the permitting and approval authorities.*

The Company commenced the process for obtaining all Governmental Approvals, including the necessary engineering, within 10 days of the Order Date. The Company's activities during the 10 days following the Order Date are described in its first Quarterly Progress Report dated April 29, 2011.

Based on its past actions, Kendall is in full compliance with this requirement.

c. *Beginning 10 days after the Order Date until all Governmental Approvals are issued, provide timely and complete responses to all requests from any permitting and approval authority issuing a Governmental Approval.*

As reported in our Quarterly Progress Report dated January 30, 2013, the Company had received all final Governmental Approvals as of November 12, 2012, with the exception of any necessary building permits. Consistent with Section IV.1.e of the USEPA Order and Section V.1.e of the MassDEP Order, the Company has applied for building permits on March 15, 2014. The Company did not receive any requests from any permitting or approval authority requiring a response during the Reporting Period.

Based on the actions it has taken during the Reporting Period, Kendall is in full compliance with this requirement.

d. *Within 15 days after the Order Date, initiate requests for pre-application meetings with all permitting and approval authorities issuing any of the Governmental Approvals.*

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<sup>2</sup> Veolia was previously known as Trigen-Boston Energy Corp.



of the issue was achieved. Both Veolia and NRG agreed that as of December 13, 2013, the Steam Line was available for commercial operation. This was communicated to the EPA and MassDEP in an email dated December 16, 2013.

Based on these actions, Kendall is in full compliance with these requirements.

h. *No later than four months before the anticipated delivery date for the BPST, commence construction of any on-site modifications to the Station necessary to accommodate the ACC and/or BPST.*

The prerequisite for this requirement has not yet occurred. No action is yet required of Kendall under this provision.

i. *No later than twelve months before the anticipated delivery date for the BPST, request that ISO New England authorize (i) a planned outage for removal of Steam Turbine #3 as soon after the anticipated delivery date for the BPST as ISO New England will authorize, and (ii) a planned whole station outage for tie-in of the BPST and ACC to start within 12 weeks after the completion of the outage for removal of Steam Turbine #3. The Permittee shall provide a copy of such requests to [USEPA and MassDEP] within 7 days after submitting them to ISO New England.*

As was indicated in the Q1 2013 Quarterly Progress Report, the rated capacity of the Station can be reduced by 27.75MW no earlier than June 1, 2015. NRG had applied and received approval for a planned ISO outage for Steam Turbine #3 on October 10, 2013. As the Notice to Proceed had not yet occurred, this ISO outage plan was an estimated "placeholder" and not in accordance with an anticipated delivery date for the BPST. Kendall is currently reviewing all previously scheduled ISO outages in a coordinated effort with the BPST contractor to determine the actual ISO outage needs based on a scheduled delivery date. Kendall will then confirm and/or revise the outage request with ISO and communicate the request to USEPA and MADEP.

j. *Within 7 days after receiving written notices from ISO New England authorizing the planned outages described in Section IV. Paragraph 1.i., provide a copy of such notices to [USEPA and MassDEP].*

As was indicated in the Q1 2013 Quarterly Progress Report, the rated capacity of the Station can be reduced by 27.75MW no earlier than June 1, 2015. NRG had applied and received approval for a planned outage for Steam Turbine #3 on October 10, 2013. As the Notice to Proceed had not yet occurred, this outage plan was an estimated "placeholder" and not in accordance with an anticipated delivery date for the BPST. Kendall is currently reviewing all previously scheduled ISO outages in a coordinated effort with the BPST contractor to determine the actual ISO outage needs based on a scheduled delivery date. Kendall will then confirm and/or revise the outage request with ISO and communicate the request to USEPA and MADEP.

k. *Within 7 days after all of the components of the ACC have been delivered to the Station, notify [USEPA and MassDEP] of such delivery.*

The prerequisite for this requirement has not yet occurred. No action is yet required of Kendall under this provision.

l. *Within 7 days after all of the components of the BPST have been delivered to the Station, notify [USEPA and MassDEP] of such delivery.*

The prerequisite for this requirement has not yet occurred. No action is yet required of Kendall under this provision.

m. *By the latest of (i) 60 days after the Steam Line Completion Date, (ii) 90 days after all components of the [back pressure steam turbine (BPST)] BPST and of the [air cooled condenser (ACC)] ACC have been delivered to the Station, and (iii) 60 days after commencement of the planned whole station outage referenced in Section. IV. Paragraph 1.i.(i) [of the USEPA Order and Section V Paragraph 1.i(i) of the MassDEP Order], complete construction, installation, and tie-*



The Company's compliance with this requirement was described in its First Quarterly Progress Report, dated April 29, 2011, at pages 3-4, and in Section B.1.b of the Third Quarterly Progress Report dated October 30, 2012 with respect to necessary modifications to USEPA's Order and MassDEP's Order.

Based on its past actions, Kendall is in full compliance with this requirement.

e. *Within 90 days after the Order Date, submit applications for all Governmental Approvals. Notwithstanding the foregoing, the Permittee or its contractor may apply for any necessary building permits later than 90 days after the Order Date, so long as such application is submitted by the later of (i) 30 days after the issuance to third party vendors supplying the ACC and the BPST of notices to proceed with the fabrication of the ACC and BPST ("Notices to Proceed") or (ii) 5 days after the Permittee or its contractor have obtained all signatures of local government officials that are necessary for the Permittee or its contractor to apply for such building permits.*

The ninetieth day after the Order Date was Sunday May 1, 2011. The Company made all necessary applications for all known Government Approvals before that date. The Company's applications are described in its Quarterly Progress Report dated July 29, 2011.

As noted in previous Quarterly Progress Reports, the Company had been in communication with the City of Cambridge, and specifically the City of Cambridge Inspectional Services Department, regarding the applicability of the City's zoning ordinance to the proposed changes at Kendall since approximately a year prior to the dates of the Orders. Due to the City of Cambridge's position on the matter, the Company decided to apply for a zoning variance under a reservation of its rights. The Company's Application for a variance was approved and that approval became final on November 15, 2012. As such variances expire one year after issuance, and given that no building permit has yet been obtained which would prevent such expiration, the Company filed for and received a six-month extension of the variance during Q3 of 2013. The engineering, procurement and construction contractor requested a revised Notice to Proceed in order to develop the building Permit Application. Kendall issued a revised Notice to Proceed on March 2 and applied for the Building Permit on March 7 in accordance with the timeline described in the Orders.

Based on its past actions and actions taken during this Reporting Period, Kendall is in full compliance with this requirement.

f. *Issue the Notices to Proceed within 10 days after the later of the following has occurred: (i) all Governmental Approvals, other than any necessary building permits, have been obtained, are no longer subject to appeal, and are effective, and (ii) December 31, 2013. In negotiating agreement(s) with the ACC and/or BPST vendor(s), the Permittee shall request that all components of the ACC and BPST be delivered to the Station within nineteen months of the issuance of the applicable Notice to Proceed.*

On January 2, 2014, NRG issued a Notice to Proceed to its engineering, procurement and construction contractor to perform the engineering and design services and procure all components of the ACC and BPST on a schedule consistent with delivery of such components to the site within nineteen months of the date of the Notice to Proceed.

Based on these actions, Kendall is in full compliance with these requirements.

g. *Within 7 days after receiving written notice from Trigen that the Steam Line is available for commercial operation, provide a copy of such notice to [USEPA and MassDEP].*

As reported in the October 31, 2013 Quarterly Progress Report, NRG received on October 30, 2013 a letter from Veolia dated October 29, 2013, which purported to provide notice that "continuous operation of the Veolia Pipeline has commenced for commercial delivery of steam as of October 29<sup>th</sup>." At the time, Kendall was aware of and was in discussions with Veolia regarding an unresolved operational issue with the Steam Line. After multiple cooperative consultations between the two companies, a resolution



*in of the ACC and BPST.*

The prerequisites for this requirement have not yet occurred. No action is yet required of Kendall under this provision.

n. *By 30 days after completion of the construction, installation and tie-in of the ACC and BPST, comply with all permit limits of the 2010 NPDES Permit.*

The prerequisites for this requirement have not yet occurred. No action is yet required of Kendall under this provision.

2. Section IV. Paragraph 2 of the USEPA Order and Section V. Paragraph 2 of the MassDEP Order

*Where any compliance obligation requires the Permittee to obtain Governmental Approvals, the Permittee shall submit timely and complete applications and responses to requests for information and take all other actions reasonably necessary to obtain all such Governmental Approvals. Permittee may seek relief under the Force Majeure provisions below for any delay in the performance of any obligation imposed by this Order resulting from a failure to obtain, or a delay in obtaining, one or more Governmental Approvals required to fulfill such obligation, if the Permittee has submitted timely and complete applications and has taken all other actions reasonably necessary to obtain all such Governmental Approvals.*

Based on the information provided in Sections B(1)(c), (d) and (e) above, Kendall is in full compliance with this requirement.

3. Section IV. Paragraph 3 of the EPA Order and Section V. Paragraph 3 of the MassDEP Order

*In the interim period from the Effective Date until the date for full permit compliance specified in Section IV. Paragraph 1.n. [of the USEPA Order and Section V paragraph 1(n) of the MassDEP Order], the Permittee shall comply with the following effluent standards and limits:*

a. *With respect to heat, non-contact cooling water flow, oxygen demand, the Station's cooling water intake structures, and temperature and water quality monitoring, the Permittee shall comply with the interim effluent limitations, monitoring requirements, and other conditions contained in Attachment A.*

Kendall has submitted monthly discharge monitoring reports ("DMRs") as required by the NPDES Permit and the Orders. Information concerning specific monitoring parameters is included in the DMRs. To date, all discharges and monitoring parameters have been within the interim limits established in the Orders.

Based on the actions it has taken during the Reporting Period, Kendall is in full compliance with this requirement.

b. *The Permittee shall also comply with all effluent limitations, monitoring requirements and other conditions specified in the 2010 NPDES Permit for the parameters not addressed by Attachment A.*

Kendall has submitted monthly DMRs as required by the NPDES Permit and the Orders. Information concerning specific monitoring parameters is included in the DMRs. To date, all discharges and monitoring parameters have been within the limits established in the Permit.

Based on the actions it has taken during the Reporting Period, Kendall is in full compliance with this requirement.

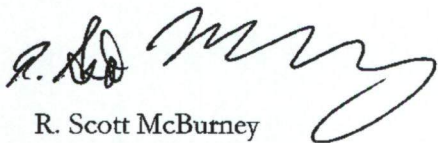
c. Activities expected to be undertaken during the next reporting period to achieve compliance with the Orders.

During the Reporting Period, Veolia and I Squared Capital, an infrastructure investment fund, entered completed an agreement with Kendall North America LLC, an affiliate of Kendall Energy, Inc. to purchase Kendall's interests in Kendall Green Energy, LLC. Kendall is wholly owned by Kendall Green Energy, LLC. The parties closed on the sale of Kendall Green Energy, LLC's interests in Kendall on February 1, 2014. Kendall expects to undertake the additional following activities:

- 1 Continue to submit monthly DMRs as required by the NPDES Permit and the Orders;
- 2 Receive the necessary building permits by the later of (i) 30 days after the issuance of the Notice to Proceed or (ii) 5 days after the Permittee or its contractor have obtained all signatures of local government officials that are necessary for the Permittee or its contractor to apply for such building permits

If you have any questions or require any additional information, please contact me at 617 or Robert Richards at 617-679-4818 or at robert.richards@veolia.com.

Sincerely yours,



R. Scott McBurney  
Regional VP

Copies:

- E. Goldman, USEP A - Region 1
- D. Webster, USEPA-Region 1
- G. Papadopoulos, USEPA -Region 1
- P. Weinberg, MassDEP -Boston
- R. Brown, MassDEP -Boston
- R. Richards, Kendall
- S. Caldwell, Veolia
- B. Fahey, Veolia